

**APPLICATION FOR PERMIT TRANSFER FOR  
WELLINGTON PREPARATION PLANT  
PERMIT NO. ACT 007/012**

**Chapter 1**

**111 INTRODUCTION**

WCP Development, LLC (WCP) submits this Application for Permit Transfer seeking transfer of Permit No. ACT 007/012 (the "permit"), pursuant to Utah Admin. R645-303-320. The Application sets forth information regarding (1) the nature of the transaction giving rise to this request; (2) the identity of the principal interests involved in the transfer; (3) the legal, financial and compliance status and history of the Wellington Preparation Plant; and (4) the status of the mine area.

The permit was issued to and is presently held by Nevada Investment Electric Company (NEICO). Earthco (Earthco), a Nevada corporation, is presently the Operator of the Wellington Preparation Plant located in Carbon County, Utah.

An Amended and Reinstated Acquisition Agreement for the Wellington Preparation Plant was executed on October 12, 1998, between NEICO as "Seller" and Earthco as "Buyer". A copy of such Agreement is attached to this Application and is made a part hereof.

Thereafter, Earthco, as Operator, and Clearwater Environmental, Inc. (Clearwater), an Alaska corporation, formed W C P Development, LLC, a Limited Liability Company organized under the laws of Nevada. Earthco, a Nevada corporation with offices at 3637 North Meridian Street, Suite 100, Indianapolis IN 46208-4233, owns eighty percent (80%) and Clearwater Environmental, Inc., an Alaska corporation with offices at 1760 Abbott Road, Anchorage AK 99507 owns twenty percent (20%) of WCP.

By this Application, WCP is applying to become the Permittee of Permit No. ACT 007/012, with Clearwater providing the bond in an amount, form and issuer sufficient to relieve NEICO of any further obligations as Permittee and to satisfy the requirements of R645-301-800 and R645-303-300. Clearwater proposes to obtain appropriate performance bond coverage in an amount sufficient to cover the proposed operations and to submit a performance bond or other guarantee, or obtain the bond coverage of the original Permittee. Reliance Surety Company of Wilmington, DE, an affiliate of Reliance Insurance Group, will issue such bonds. Earthco will remain as the Operator and WCP will become the Permittee.

The foregoing transactions and the proposed results thereof are made subject to the approval of the Utah Division of Oil, Gas & Mining (the "Division").

As a result of these transactions, this Application for Permit Transfer documents anticipated changes in Chapter 1 of the Mining and Reclamation Plan for the Wellington Preparation Plant -- "Legal, Compliance & Related Information." Other portions of the Mining

file in:  
☐ Confidential  
☐ Shelf  
☒ Expandable

Refer to Record No 0015 Date 03/31/1999  
In 0070012, 1999, Incoming  
For additional information

and Reclamation Plan remain unmodified. Any charts, maps, drawings, diagrams, exhibits, tables and so forth in the unmodified portions of the Mining and Reclamation Plan bearing the name of NEICO should be read with the name W C P Development, LLC substituting for NEICO.

The Plant was originally established in 1958 by United States Steel Corporation as a coal cleaning, preparation and loading facility. The plant was in continuous operation until 1985 and was subsequently sold to Kaiser Coal Corporation in 1986. After the latter declared bankruptcy, Genwal Coal Company, a wholly owned subsidiary of Nevada Electric Investment Company (NEICO) purchased the Plant through the court in August 1989. Castle Valley Resources (CVR) was the operator for Genwal.

Pursuant to a Joint Ownership & Operation Agreement dated July 1, 1991, and executed July 11, 1991, Intermountain Power Agency (IPA) and NEICO jointly owned certain coal and loadout properties including portions of the Wellington Preparation Plant's permit area. By a Coal Sales and Loading Services Agreement dated July 1, 1991 and executed July 11, 1991, CVR agreed with IPA and NEICO to operate and maintain loadout properties including the Wellington Preparation Plant.

Genwal later became the operator of the Joint Ownership land co-owned by NEICO and IPA. In other words, NEICO and IPA owned a portion of the area called "Joint Ownership Area" (approximately 120.2 acres). The operator at that time was Genwal. NEICO, however, was sole owner and operator of the remainder of the property (approximately 387.98 acres).

Pursuant to a Special Warranty Deed (dated January 11, 1995), IPA deeded to NEICO their interest in the Joint Ownership Area. A "Termination Agreement" between IPA and NEICO was signed simultaneously to sell NEICO's interest in the Crandall Canyon Project to Andalex Resources, Inc. (Genwal). Therefore, NEICO has been sole owner and operator of the entire Wellington Preparation Plant property (ACT/007/012) since January 1995.

Elevation at the Wellington Plant is approximately 5,300 - 5,500 feet above sea level, with mean annual precipitation of six to eight inches. The site lies primarily on gently rolling slopes of Mancos Shale and valleys of alluvial deposits and is characterized by salt desert shrub vegetation communities. The Denver and Rio Grande Western Railroad, *which is now a Union Pacific/Southern Pacific railroad*, passed through the site. The Price River also dissects the property. Historic land use of the area has been dominated by grazing of domestic livestock, wildlife habitat and limited crop production. Coal cleaning and preparation operations since 1958 have disturbed about 400 acres within the property boundaries.

### **Operations at Wellington**

#### *History*

From 1958 until 1985, the operation history of the property was that of receiving coal by rail, preparation of coal (coal cleaning), and shipping a blended product by rail.

### *Recent Past*

When Genwal Coal Company purchased the area in 1989, that operation was terminated. The railroad loadout facility at Wellington then consisted of a much-simplified flow of product. Coal was crushed at the mine site, transported by truck to the Wellington facility, temporarily stored on the ground, screened and then loaded into waiting railcars. The actual loading operation was part of a new system installed by Genwal Coal Company in September and October of 1989 and made operational during November of 1989. The new loading system used only the one conveyor belt system of the old Kaiser/U.S. Steel preparation plant.

### *Present*

WCP is evaluating the economic value of this project as an industrial park but has no plans at this time for the system as described in previous permitting efforts by U.S. Steel, Kaiser Coal Corporation, or Genwal. Hence, the present and proposed owners are reclaiming this entire site for development. Many of the engineering evaluations done in the past on embankments, slurry ponds and ditches will be re-submitted and prefaced with an updated condition of the structure and its relationships to the current operation.

The Wellington Loadout Facility had previously at times been used to store and load coal. All transportation of coal and screening has been discontinued.

### *Future*

The Wellington site is presently being developed as an industrial park. The site is zoned "heavy industrial" and current negotiations are being conducted to sell specific parcels to industrial users. General (and some specific) plans have been outlined and submitted previously to the State of Utah, Division of Oil, Gas & Mining (the "Division").

Unless otherwise noted in the Table of Contents, all drawings referred to in the text will be found in the Drawing Appendix, Volume III-A and Volume III-B of NEICO's original application.

## **112 IDENTIFICATION OF INTERESTS**

### **112.100 Identification of Applicant**

The applicant, W C P Development, LLC ("WCP") is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Nevada. Earthco, a Nevada corporation with offices at 3637 North Meridian Street, Suite 100, Indianapolis IN 46208-4233, owns eighty percent (80%) and Clearwater Environmental, Inc., an Alaska corporation with offices at 1760 Abbott Road, Anchorage AK 99507 owns twenty percent (20%) of WCP.

**112.200      Name, Address & Telephone Number of Applicant & Resident Agent**

Applicant:

James W. Scott, Managing Member  
W C P Development, LLC  
320 East Charleston Boulevard  
Suite 204-119  
Las Vegas NV 89104-1008  
Telephone: (702) 383-6646  
EIN: pending

Resident Agent

Caroline Thomas, President  
National Business Consultants  
320 East Charleston Boulevard  
Suite 204-119  
Las Vegas NV 89104-1008  
EIN: 88-0253697

The Designated Person Whom the Division  
Will Send Correspondence To:

Patrick D. Collins, Ph.D.  
Mt. Nebo Scientific, Inc.  
330 East 400 South, Suite 6  
PO Box 337  
Springville UT 84663  
Tel: 801-489-6937  
Fax: 801-489-6779  
SS/EIN: \_\_\_\_\_

**112.230      Person Who Will Pay the Abandoned Mine Land Reclamation Fee**

W C P Development, LLC  
320 East Charleston Blvd.  
Suite 204-119  
Las Vegas NV 89104-1008  
Telephone: (702) 383-6646  
EIN: pending

**112.300 - 112.350      Control Persons**

W C P is a Nevada limited liability company with two members. Earthco holds an 80% interest, and Clearwater holds a 20% interest. A three member Management Committee consisting of two members appointed by Earthco and one member appointed by Clearwater manages WCP. The first Managing Member is:

James W. Scott  
3637 North Meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN/SS: 571-82-1594

The other two members of the WCP Management Committee are:

James W. Kemp  
3637 North Meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN/SS: 430-92-6396

Edward Cronick  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: 003-38-1609

Earthco, the Operator of the Wellington Preparation Plant, is a Nevada corporation with offices located at:

3637 North Meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN: 93-1220179

**Earthco's Officers and Directors are:**

James W. Scott  
President, Treasurer & Director  
3637 North Meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN/SS: 571-82-1594  
Date he took office: 07/26/96

James W. Kemp, Director  
3637 North Meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN/SS: 430-92-6396  
Date he took office: 07/26/96

Joan Schug, Secretary  
3637 North meridian Street  
Suite 100  
Indianapolis IN 46208-4233  
EIN/SS: 305-38-4994  
Date she took office: 03/22/97

Clearwater Environmental, Inc., is an Alaskan native-owned, small, disadvantaged business established in 1994 to provide turnkey construction and environmental services, with offices located at:

Home Office  
1760 Abbott Rd.  
Anchorage, AK 99507  
EIN: \_\_\_\_\_  
  
36620 Cheechako News Drive  
Soldotna, AK 99669

12470 Locke Rd., Bldg. 900  
Lockeford, CA 91001  
  
4101 Tates Creek Centre Dr.  
Suite 150-237  
Lexington, KY 40517  
  
640 North Main, Suite 1222

North Salt Lake, Utah 84054

**Clearwater's Officers and Directors are:**

Edward Cronick, President & CEO  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: 003-38-1609  
Date he took office: 6-13-94

Darryl Jordan, Secretary/Treasurer  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: 574-28-7428  
Date took office: 6-13-94

Amie Mahler, Director of Corporate Affairs  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: \_\_\_\_\_  
Date she took office: \_\_\_\_\_

Archie Walker, Southern California  
Operations Manager  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: \_\_\_\_\_  
Date he took office: \_\_\_\_\_

Lee Nunn, Eastern USA Op. Manager  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: \_\_\_\_\_  
Date (s)he took office: \_\_\_\_\_

Robert W. Huck, VP of Mktg for the  
Western US  
1760 Abbott Rd.  
Anchorage, AK 99507  
SS/EIN: \_\_\_\_\_  
Date he took office: \_\_\_\_\_

**112.400 - 112.420 Coal Mining And Reclamation Operation Permit Applications:  
Previous, Current Or Pending**

<u>Permit</u>	<u>Issuing Authority</u>	<u>Approval Status/ID No.</u>
ACT 007/012	State of Utah Department of Natural Resources Division of Oil, Gas and Mining	ACT 007/012

There are no other coal mining or reclamation or operation owned or controlled by the Applicant or any party to this Application. Neither NEICO, Earthco, AHTNA, Clearwater nor WCP owns or controls any other coal mining or reclamation operation. None of their executive officers and directors are directors and officers of any other entity that owns or controls and interest -- direct or indirect -- having coal mining operations in the United States.

**112.500 Legal Or Equitable Owners Of Record**

The legal or equitable owner of the areas to be affected by the surface operator and facilities of the permit applicant are:

Legal Title:  
NEVADA ELECTRIC INVESTMENT

COMPANY  
6226 West Sahara Avenue

Las Vegas, Nevada 89102  
Equitable Title:  
EARTHCO

3637 North Meridian Street  
Suite 100  
Indianapolis, Indiana 46208-4233

112.600

**Owners Of Record Of Surface Areas Contiguous To The Permit Area**

State of Utah  
School & Institutional Trust  
Lands Administration  
675 East 500 South  
Salt Lake City, Utah 84102-  
2816

United States of America  
Bureau of Land Management  
Moab District Office  
P. O. Box 970  
Moab, Utah 84532

Genwal Coal Company  
P. O. Box 1420  
Huntington, Utah 84528

Price River Water  
Improvement District  
61 North 200 East  
Price, Utah 84501

Merrill and Ellen Mead  
Wellington, Utah 84501

Benjamin L. and Nyrna Mead  
Wellington, Utah 84501

Willard & N.M.  
Van Wagoner  
Wellington, Utah 84501

Oscar and Veta Archer  
Wellington, Utah 84501

Mont Blackburn  
Wellington, Utah 84501

Mike Stella  
Wellington, Utah 84501

Merlynn Foster  
Wellington, Utah 84501

Perry and Carol Timothy  
Wellington, Utah 84501

Scott Lee and Eileen L. Davis  
Wellington, Utah 84501

Wellington Mountaineers  
Wellington, Utah 84501

Ileen Siaperas  
Wellington, Utah 84501

Lou Ann Gomez  
Wellington, Utah 84501

Danette Richardson  
Wellington, Utah 84501

Wellington Associates  
Wellington, Utah 84501

112.700

**Mine Structures That Require MSHA Numbers**

Plant Refuse Pile	1211-UT-09-00099-01
Clean Water Pond	1211-UT-09-00099-02
Lower Refuse Pond	1211-UT-09-00099-03
Upper Refuse Pond	1211-UT-09-00099-04
Pond Refuse Pile	1211-UT-09-0009-05



## **112.800      Statement of All Lands and Interests in Lands**

There are no outstanding interests in lands, options or pending bids on interests held or made by Applicant for lands which are contiguous to the areas to be covered by the permit.

## **113            VIOLATION INFORMATION**

W C P Development, LLC is a new entity that has no past history of violations. Neither WCP, its principal shareholders nor affiliates or persons controlled by or under common control with WCP or its principal shareholders have had a mining permit suspended or revoked within the last five years.

Neither WCP, its principal shareholders nor affiliates or persons controlled by or under common control with WCP or its principal shareholders have forfeited a mining bond or similar security in lieu of bond.

Neither WCP, its principal shareholders nor affiliated companies have received any violations under the surface mining laws within the last three years prior to the date of this application.

## **114      RIGHT OF ENTRY INFORMATION**

### **114.100      Right of Entry and Operations Information**

The Applicant has obtained the legal right to enter and begin activities on the property. Pursuant to a Joint Ownership and Operation Agreement dated July 1, 1991 and executed on July 11, 1991, Intermountain Power Agency (IPA) and NEICO jointly owned certain coal and loadout properties including portions of the Wellington Preparation Plant's permit area. By a Coal Sales and Loading Services Agreement dated July 1, 1991 and executed July 11, 1991, CVR agreed with IPA and NEICO to operate and maintain loadout properties including the Wellington Preparation Plant.

Genwal later became the operator of the Joint Ownership land co-owned by NEICO and IPA. In other words, NEICO and IPA owned a portion of the area called "Joint Ownership Area" (approximately 120.2 acres). The operator at that time was Genwal. NEICO was sole owner and operator of the remainder of the property (approximately 1579.6 acres).

Pursuant to a Special Warranty Deed (dated January 11, 1995), IPA deeded to NEICO their interest in the Joint Ownership Area. A "Termination Agreement" between IPA and NEICO was signed simultaneously to sell NEICO's interest in the Crandall Canyon Project to Andalex Resources, Inc. (Genwal). Therefore, NEICO has been sole owner and operator of the entire Wellington Preparation Plant property (ACT/007/012) since January 1995.

NEICO, as the permit holder, continues to honor the agreements entered into by CVR and Genwal that allow access and is transferring those obligations and rights to WCP.

## **115 STATUS OF UNSUITABILITY CLAIMS**

### **115.100 Unsuitability Claims**

To the best knowledge of WCP, the permit area is not within an area designated as unsuitable or under study as an area designated as unsuitable under R645-103-300, R645-103-400, or 30 CFR 769. WCP does not propose to conduct coal mining or reclamation operations within 300 feet of any occupied dwelling. Coal reclamation operations have been or will be conducted within 100 feet of a public road.

**115.200** Not applicable.

### **115.300 Distances from Dwellings and Public Road**

The plans include operations that have been done previously within 100 ft. of a county road. Current operations in the area are minimal. A letter from the county acknowledging the proximity to this road was included in the Appendix following Chapter 1 of NEICO's original application.

WCP does not propose to mine or perform any other operations within 300 feet of an occupied building.

## **116 PERMIT TERM**

Applicant requests a permit term consistent with the remaining term of Permit No. ACT/007/012. The permit renewal date is December 10, 1994. The original permit area included approximately 1,700 acres of fee land. After modification of the MRP and bond release, the balance of the permit will be for approximately 900 acres.

Castle Valley Resources (Genwal) began operations as a coal loadout in 1989 upon permit transfer. Since that time, approval for a study of fines removal has also been attained. NEICO anticipated using the site for a loadout for a 30-year period (unless the coal market changed substantially). Other operations are anticipated in the future, but feasibility plans are still being conducted. Originally, it was intended that reclamation would begin at the end of the 30-year period (unless the coal fines removal proves economically feasible, of which would be considered preliminary reclamation procedures). However, a new, more expeditious plan has accelerated the reclamation and development process.

## **117 CERTIFICATE OF INSURANCE & PROOF OF PUBLICATION**

Certificates of Insurance issued to WCP will be added prior to closing and to approval of the permit transfer.

The newspaper advertisement appears in the Appendix. Verification of the advertisement appearing in the appropriate newspapers will be added to the Appendix and submitted to the Division no later than 4 weeks after publication.

**118 FILING FEE**

A copy of the receipt is attached in the Appendix as proof of payment of the permit filing fee.

The undersigned parties hereby attest that the information contained in this Application for Permit Transfer is true and correct to the best of the undersigned's information and belief.

W C P DEVELOPMENT, LLC.

By \_\_\_\_\_  
James W. Scott, Managing Member

Subscribed and sworn before me this \_\_\_\_\_ day of March, 1999.

(SEAL)

\_\_\_\_\_  
Notary Public

Residing at: \_\_\_\_\_  
\_\_\_\_\_

My commission expires: \_\_\_\_\_



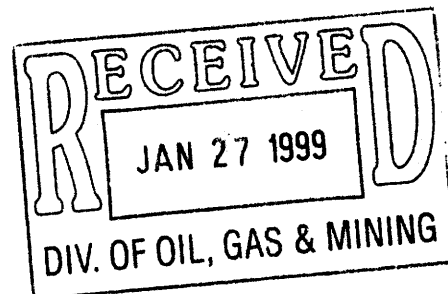
# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor

David T. Terry  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0922 (Fax)  
<http://www.trustlands.com>



January 26, 1999

Mr. Lowell Braxton  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

ACT/007/012 #2  
Pam

RE: ACT/007-012  
Bond Release, Wellington Preparation Plant

Dear Mr. Braxton:

Recently Nevada Electric Investment Company (NEICO) and Earthco, Inc. petitioned for bond reduction and postmining land use changes for the Wellington Preparation Plant located in Carbon County, Utah (ACT/007-012). The School and Institutional Trust Lands Administration (the "Trust Lands Administration") supports this petition and encourages your office to approve the application.

As you know, certain coal reserves at the Genwal project and at the West Ridge are currently owned by the Trust Lands Administration. In addition additional reserves at the Mill Fork coal tract, and at the West Ridge coal tract have been transferred to the Trust Lands Administration under the Utah Schools and Land Exchange Act of 1998, Public Law 105-335, Stat. 3139. It is our understanding that the Wellington Preparation Plant is proposed to be a transload facility for the combined production from the Genwal project and from the West Ridge project. Approval of this petition is an an important component to the overall success of the combined operations. We respectfully request that you consider the overall advantages of the Wellington Preparation Plant and that you approve this petition.

Sincerely,  
School and Institutional Trust Lands Administration

James D. Cooper  
Assistant Director, Minerals

cc: MaryAnn Wright/DOGM